

Workforce Development Council

Draft Meeting Minutes January 9, 2008

State House, Montpelier

Attendees: John O’Kane Chair, WDC Chair; Frank Cioffi, WDC Vice Chair; Chip Evans, WDC Executive Director; Neil Gruber, Helen Porter Healthcare & Rehabilitation; Mary Lintermann, DEW Construction; Gretchen Babcock, representing Karen Nystrom Meyer, UVM; Pat Elmer, VT Associates for Training and Development; Stan Walker, DDR; Peter Kreisel, Peter Kreisel CPA LLC; Jim Pratt, Cabot Creamery; Fran Voight, New England Culinary Institute; Jerry Brown, Vermont Council for Quality; Steve Marsh, Community National Bank; Robert Clarke, Vermont State Colleges; Wendy Koenig, Association of Vermont Independent Colleges; Any Whitehorne, representing Don Vickers, VSAC; Eric Sokolowski, Knowledge Wave Training; Mike Deweese, Chittenden Central Supervisory Union; Mark Douglas, Northlands Job Corps; Senator Donald Collins; Representative Dave Potter; Representative Kathleen Keenan; Michael Blair, AFSCME Council 93; Pat Moulton Powden, VDOL; Andy Crossman, Wyeth Pharmaceuticals; Lynn Vera, Center for Technology, Essex; Tim Donovan, Community College of Vermont; Linda Shiller, VSAC; Tim Theberge U.S.D.O.L; Marisol Lopez, U.S.D.O.L; Myriam Milfort, U.S.D.O.L; Carmen Rodriguez, U.S.D.O.L; Representative Michele Kupersmith; Beth Hulbert, Associated General Contractors of VT; Liz Cote, UVM & AHEC; Kay Charron, Vermont Department of Education; Greg Saylor, Vermont Associates; Pixie Loomis, Learning Works; Shawn Murphy, Northlands Job Corps; Eric Peterson, Central Vermont Workforce Investment Board; Nancy Burzon, Rutland & Bennington Workforce Investment Boards; Lisa Quinlan, Lake Champlain Workforce Investment Board; Cari Kelly, Lake Champlain Workforce Investment Board; Paul Haskell, Vermont Futures; Representative Bill Botzow; Rebecca McCarty VSC; Ted Brady, Senator Patrick Leahy’s Office; Hugh Bradshaw, Vocational Rehabilitation; Hal Bill, County Currier; Mike Quinn, Economic Development; Paul Clark, Realtor; Thom Serrani, Agency of General Contractors of Vermont; Don Wells, Agency of General Contractors of Vermont; Maureen Hebert VTC.

At 1:00 Chip Evans, Executive Director of the Workforce Development Council, Welcomed everyone to the meeting and introduced John O’Kane, Chair of the Workforce Development Council, who called the meeting to order at 1:05. The June 12, 2007 minutes were reviewed and approved. John then gave a brief update of the Next Generation Workforce Programs, identifying workforce issues being addressed. Agencies and institutions involved in Act 46 implementation include; the Vermont State Colleges, the Vermont Student Assistance Corporation, the Agency of Human Services, Vermont Department of Labor, Economic Development and the Department of Education, and others

Next Generation Implementation Reports:

Pat Moulton Powden, Commissioner of the Vermont Department of Labor, was introduced to explain the implementation of the Workforce Education and Training Fund, Internship Grants, and Training Grants. Pat welcomed and introduced the representatives from the United States Department of Labor in Boston. Attending for the ETA were Tim Theberge, Marisol Lopez, Myriam Milfort, and Carmen Rodriguez. Pat also welcomed Senator Collins and recognized his involvement was in getting Act 46 passed. She urged attendees to take this opportunity to talk to their legislators about the value you see in having this program. She pointed out that Act 46 has a variety of programs that really looked at the Next Generation in a broad way. Opportunities to fund higher education through scholarships and a range of targeted workforce development programs. She began with an overview of the Workforce Education and Training fund.

The Workforce Education and Training fund (WET fund) has been in place for a number of years but Act 46 supplemented the funding significantly with an additional 2.2 million dollars on top of the 365,000

previously budgeted for the program. Act 46 expanded the program to include student internships with Vermont employers. The Commissioner said she was pleased, but also concerned that the Vermont WET funds were exhausted so quickly. This reveals the demand for worker training and the collaboration and innovation of the applications that were received. In the first 6 months of the Fiscal year 2008 VDOL received 44 applications, funded 39 and denied 5. Many more possible training programs were explored, with employers and training organizations, but were not funded. She pointed out that the process is designed to have applicants work directly with DoL staff at the regional level to refine their ideas before writing a formal application. This way, projects that do not meet the criteria in the law are screened out before the applicant invests time in a formal application. Training requests totaled was 2.1 million dollars; the amount funded was a little over 1.4 million dollars. Approximately 590 new jobs are expected to be created and 810 incumbent workers will be trained for upgrades and new positions resulting in pay increases. Approximately 55% of the funds went to training for new jobs, the balance for training incumbent workers. Employers matched the state funds at least dollar for dollar and often considerably more. There was a good geographic distribution of funds, with a few exceptions that DoL will work to address in the next round. A wide variety of industry sectors were served. It is too early to measure the outcomes of this program as most projects are just getting started. DoL will be monitoring all the programs quarterly for progress.

Pat explained that the second part of the WET fund program is the Internship Program. This is a new program envisioned by Representative Michele Kupersmith that is designed to keep talented young Vermonters and those attending Vermont schools in the state upon graduation. The Department of Labor received 31 Internship applications and funded 19. The program was very popular. Requests totaled 2.3 million dollars and slightly over \$800,000 thousand was obligated. Approximately 467 internships will be created. In most cases, employers support the program by paying the interns. A complete report of the Act 46 Next Generation programs will be completed next month.

John O'Kane then introduced the Commissioner of Economic Development, Mike Quinn to discuss the Vermont Training Program. Mike began by stating that the program has been around for a number of years. It is an employer driven, highly flexible and responsive program. In 2003 funding for the Training program was \$650,000. During the first few years that amount tripled. With Act 46 monies the budget for current fiscal year is 2.8 million dollars. Like the WETF the funds are currently fully obligated, and the demand has exceeded the supply of funds. Mike commented that he believes that the sense around the state from employers is to do business faster better and cheaper and to make adjustment to the market every two or three years. Act 46 funding has enabled the Department of Economic Development to expand the program to IT, Healthcare, as well as the Manufacturing sector that has long been a priority for the program. Mike also stated that his department typically finance about 50% of the cost training. The Department of Economic Development works closely with the Vermont Manufacturing Extension Center which does lean processing training. Mike commented on the return on the investment that comes back to the tax payer. For every dollar that goes through the Vermont training program, net of all expenses was return to the treasury of \$2.52.

John took a moment to comment on the programs which had been presented. The new funds have begun to meet pent-up demand for training. People understand that the economy and job market are changing and investing time and resources in training are the one of the best responses. He commented that we are dealing with more of the kind of training we've done in the past but also, we are doing things we just didn't do before. The flexibility built into Act 46 is key to this. The Act takes a comprehensive system-wide view of how we help every Vermonter to become a successful productive adult and that includes becoming economically self sustaining. John the re-introduced Commissioner Powden to talk about the Tech Ed and Career Programs.

Pat began by explaining that there are three other programs included in Act 46. One is the Career Exploration Program, which is designed to give students in grade 7-12 the opportunity to explore careers here in Vermont and elsewhere. The Next Generation report focused on students who are not in the college track, not enrolled at the tech centers, and who lack the skills necessary to succeed in the workplace.

These account for about 1/3 of the school population that may go on to be employed in minimum wage jobs at best, often do not finish high school and do not go on to college or further training. This program provides support for programs that develop career awareness programs at schools and with non-profits. Pat reported that the funding available for the program was \$376,000, and that DoL received requests exceeding \$840,000. There were 18 applications, two of which were fully funded and nine that were partially funded. Seven applications denied. The exciting news is that these programs will affect 7,000 students in grades 7-12. This is a significant step toward helping these students to see the career opportunities in Vermont.

The second program is the Alternative and Intensive Vocational /Academic program. It is designed for students who cannot fit programs at the technical centers into their 11th or 12th grade schedule because they are behind on credits or may have failed a class. This program allows these students to participate in an alternative tech ed program and earn the credits they need for graduation. Act 46 provides \$460,000 for this program. She reported that DoL received seven applications that decisions totaling \$800,000. Decisions will be made shortly.

The third new program is the Adult Tech Ed Program, which currently has \$837,000 dollars to assist regional tech centers to develop adult training programs that meet the economic development needs of the region. Pat reported that DoL has reached an agreement with the technical centers on the distribution of this funding. Grants are expected to go out as soon as possible. The Centers are asked to develop a proposal for new programs that meet the workforce development needs in their regions.

John introduced Amy Whitehorn who provided information on the VSAC Non-Degree Grant that was expanded in Act 46. She reported that the program started in the early eighties primarily assisting mothers receiving welfare benefits to access non-credit training programs. Since then has been changed to support part-time participation in college programs. The total budget for FY08 was 1.8 million dollars, an increase of \$1 million. Programs like CDL, LNA, Dental Assistant, Welding and Metal Fabrication, Medical Office Transcription with Billing, Auto Tech, and Building Trades. Retraining and/or foundation-building programs, such as Vermont Adult Learning Bridge to College are all eligible. Assistance with indirect educational expenses such as texts, tools, and uniforms can also be covered. There are income qualifications for the program, however the application is quick and easy to fill out and the turnaround is only a few weeks.

John O'Kane then introduced Tim Donovan, President of Community College of Vermont. He reported on the Dual Enrollment Program that provides an opportunity for high school students to take courses at college as part of their high school experience, obtain college credits, get a head start on a college degree while also keeping them actively engaged and enthused about learning. Tim began by saying the Dual Enrollment is not something new but is becoming more widely accepted. For years, colleges across the state and across the country working with their local high schools have found ways for their gifted students to get into the college community. The VAST program At Vermont Technical College has been available to high school seniors for many years. Each year, forty students participate, getting both college credits and high school completion credits. Those students go on to technical college programs at VTC and other institutions. Another approach to this is that VTC and CCV have relationships with the Tech Centers that allow students to earn 3 to 16 college credits in high school. The schools pay the State Colleges for this, often at a discounted rate. Finally, Dual Enrollment is a program Community College started about 3 years ago, which has grown with funding provided by Act 46. It is for high school juniors who are encouraged in taking a free 13 week introduction to college course at any CCV site. The course focuses on time management, study habits, and financing options, and preparation for the college placement test. The program enrolled 800 students this year. Students that complete this program are then eligible to get a voucher for one free college course at any of the state colleges. The combination of these programs and the increased scholarships made available through Act 46 mean that the VSC can start to talk to students earlier and provide them with advice and preparation for college as well as increased financial support. The focus is on first generation college students.

Sustainable Funding Committee:

This study committee met through the fall. They were charged with evaluating workforce funding systems in other state and counties to determine if any of these might be applicable to Vermont. Andy Crossman, Jim Pratt,

and Steve Marsh represented the WDC on this committee which was chaired by Stephen Morse of the Windham foundation. Andy Crossman spoke on behalf of the Committee. The highlights of the report, found on page three, looked at a number of approaches to sustainable funding. He commented that these funding mechanisms must be administratively simple and user friendly.

Principles:

- 1) Any financing approach must be a long-term solution that provides a sustainable and predictable revenue source of funding over time.
- 2) It is essential that there be a workforce development strategy based on a fully integrated collaboration among employers, government, and education, and that the funding mechanisms reinforce this cooperation.
- 3) Funding allocations must be driven by return on investment.
- 4) Workforce development and training programs must be employer-demand driven, not grant driven.
- 5) It is useful to analyze funding approaches used successfully in other states to expand and fund employer-based workforce development that might work here in Vermont.
- 6) Any funding mechanism must positively reinforce the goals of workforce development and training and enhance the Vermont business climate.
- 7) It is useful to analyze funding approaches used successfully in other states to expand and fund employer-based workforce development that might work here in Vermont.
- 8) Any funding mechanism must positively reinforce the goals of workforce development and training and enhance the Vermont business climate.
- 9) Workforce development and training should be directed toward (1) employers with training needs in order to create new jobs and increase the capabilities of incumbent workers, and (2) training low income and disadvantaged individuals so they can be gainfully employed and contributing members of the workforce.

Andy pointed out that the Committee agreed that the state should look carefully at the use of current state and federal resources in order to maximize their effectiveness and coordination. He then went on to state the Committee's recommendations.

Recommendations for Sustained Workforce Financing:

The committee considered the approaches taken by the four jurisdictions and recommends the following three simple and effective financing mechanisms be considered for Vermont:

- 1) Finance workforce development by diverting a percentage of increased income tax revenues generated by successes in workforce development to finance the program. This approach is similar to financing economic development through tax incentive financing. When additional training generates increased income (thus taxes) through employment in a new job or employment in a higher paying job, the state reaps more income tax revenue from that success, and reinvesting a percentage of that increase in income tax revenue in workforce development would both benefit the state and provide ongoing financing for workforce development. This approach is a component of the system used in Iowa. Another component of the Iowa approach is bonding (see description of Iowa, page 9). The committee determined that it could not take a position regarding whether loans or bonding was appropriate, but does recommend the tax diversion component. This approach directly links funding to return on investment.
- 2) Create a student loan repayment program similar to the Opportunity Maine program. This program, established in 2006, is designed to make postsecondary education affordable, raise completion rates, and entice graduates to remain in Maine by offering an income tax credit sufficient to cover payment of student loans for those graduates who live and work in Maine after receiving an associate's or bachelor's degree. The program also focuses on adults who move to Maine. (See description of Opportunity Maine on page 9.)
- 3) Limit financing to employers and programs that provide the highest return on investment. While this is not a direct financing mechanism, this approach should limit the need for financing and help to assure that

money directed at workforce development is well spent. Financing should be targeted to the following employers:

- a) Innovative and entrepreneurial companies
- b) Companies that help and nurture the environment and create a Vermont economy that is attractive to today's emerging youth (20s)
- c) Companies that provide internships that create a bridge from college to jobs and help youth learn directly about job opportunities in Vermont
- d) Companies that develop appropriate and useful leadership skills
- e) Companies that add new jobs or increase wages of employees as a result of the training
- f) Programs that focus on skill training to improve the employment opportunities for low income, disadvantaged, or underemployed individuals

Other Financing Recommendations:

Although the committee recommends only the three approaches listed in the previous section, the members note that there are other schemes and financing details that are worthy of further consideration and recommend the following:

- 1) The State Treasurer, the Vermont Tax Department, the Vermont Economic Development Authority (VEDA), and the Legislative Joint Fiscal Office review and analyze how to implement the tax diversion mechanism that is a critical component of the Iowa approach. The review would result in recommendations for implementing this approach and consider implications of implementing that mechanism in Vermont. The recommendations and conclusions would be published in a report issued sometime in the fall of 2008. The timing of the report would serve to avoid campaign involvement, provide sufficient time for the review, avoid the chaos of the legislative session, and improve the chance that the report will be considered as the FY 2010 budget is being formulated and before the 2009 legislative session begins.
- 2) Consider funding through a tax on employers collected and administered by the Department of Labor. Since federal law effectively does not permit unemployment taxes or the unemployment fund to be used for anything other than unemployment benefits, this employer tax would have to be collected and managed separately from the unemployment fund.
- 3) Develop specifics for any program that is supported through an income tax diversion mechanism such as graduating the amount of tax diverted when higher revenue employers pay a higher percent of match and provide a higher percentage match to specific desirable industries.
- 4) Vermont could mandate, as some European countries have, that a minimum percentage of revenue or profit be spent by businesses on workforce development or penalties could be assessed and these penalties used to fund training programs to get the unemployed into livable wage jobs.
- 5) Vermont technical centers should receive variable reimbursement for high school students based upon the field of study that they pursue. This would encourage technical centers to counsel students regarding the careers that are most in demand in the Vermont economy and that would result in the highest earning potential. This approach would have the potential of providing an appropriate match between employer needs and workforce skills.

Three things looked at (page 5) were Recommendations for Sustained Financing, Iowa New Jobs Training Program (page 7), and Opportunity Maine (page 8). A copy of this report was available at the meeting.

Workforce Leadership Committee:

The second Committee formed in the bill Act 46 is the Workforce Leadership Committee. This is a committee of the WDC chaired by the Commissioner of Labor. Commissioner Powden began her remarks by recognizing the Workforce Investment Board members who's support for creation of this committee was helpful. In Act 46 legislation, the Commissioner of Labor was assigned key tasks and the committee is established to aid her in this work. Members of the Committee described in legislation include; the Secretary of Human Services, the Commission of Economic Development, Commissioner of Education, a member of the higher education community appointed by the Governor; Chancellor Clarke, 4 business members from the Workforce Development Council also appointed by the Governor; John O'Kane, Frank Cioffi, Mary Lintermann, Mac

McLaughlin. The Executive Director of the WDC, Chip Evans will staff the Council. Pat reported that given the workload of launching the Act 46 programs the Committee got off to a slow start, with the first meeting held in November. As described in the law the committee will establish goals for a Workforce Development system, measure achievement towards those goals, and will check in with the WDC Executive Committee periodically. A mission statement and set of products has been drafted:

Leadership Committee Mission:

Develop a set of overarching goals and measurable criteria in support of an integrated workforce development system that incorporates economic development, workforce development and education and that contributes to a strong and sustainable economy.

Products:

An annual report to the Governor and General Assembly that includes a systematic evaluation of accomplishments and ...

- a) Evaluation of system-wide accomplishments and cost efficiencies.*
- b) Evaluation of the contributions of each provider.*
- c) Recognition of programs that contribute to achieving the goals.*
- d) Identification of areas for improvement.*
- e) Recommendations for the use of Next Generation funds and other public resources.*
- f) Recommendations for an integrated workforce strategy aligned to the mission.*
- g) Development of strategies:*
 - Coordination of programs*
 - More effective communications between business and educators.*

Sector/Cluster Workforce Strategies:

John O'Kane introduced the topic of sector-based workforce development strategies. Today's agenda focuses on the work that has been done in the healthcare sector by a partnership of hospitals, the University, the VSC, and State Agencies. This Healthcare Workforce Partnership, originally formed as a committee of the WDC, has implemented a number of strategies to address the shortages of nurses and other healthcare professionals. A report on the healthcare workforce was made available to guests and members. Citing nurses as an example, John pointed out the challenges including the declining enrollment at nursing colleges, the shortage of qualified teachers, attrition due to the aging of the workforce, and the necessity of bringing in traveling nurses at considerable expense, in the range of \$100,000 per position annually. This situation created serious financial challenges for Hospitals and other healthcare providers who face increasing labor costs and declining government reimbursements. John commented that this was a situation calling for a collaborative, systemic approach to workforce development.

John went on to explain the foundations of a solution. One being the Workforce Development Partnership. Those organizations included; the WDC, UVM School of Nursing, the Vermont Association of Hospitals and Health Systems, the UVM Area Health Education Centers, the Departments of Labor and Health, VTC and others. John then introduced Liz Cote, Director of UVM Office of Primary Care. Liz stated that there is going to be a higher demand for care and fewer people to deliver that care. Among the many strategies the partnership has implemented over the past few years, the Healthcare Workforce Development Partnership recognized that organizations were constantly looking for ways to recruit health care professionals in a number of fields. In 2006 Governor Douglas proclaimed October 2006 and 2007 as

“Health Care Career Awareness Month” and the Workforce Development Partnership created a campaign to generate excitement and publicity. This is now connected to the initiatives in the Next Generation Commission Legislation, Act 46. The Partnership is working to develop more educated workers in Vermont. Surveys were conducted in high schools around the state to determine the level of knowledge about the sector. The survey asked questions about what the students thought of the jobs available to them, their level of interest in these jobs, and what they felt is important in choosing a career. The survey produced unexpected results. Pay was not high on the list for these students. More important are respect, appreciation, and that the work is meaningful. They want to do something that matters. This information helped the Partnership create a framework for the campaign that would be put together and what should be highlighted. The result was the creation of a campaign to drive

people to the website (www.VTHealthcareers.org). A complete copy of Liz Cote's and John O' Kane's report was available at the meeting. John commented that this is a good example of the importance of implementing workforce strategies that are unique to a sector. While many sectors are dealing with the broad trends of low growth in the size of the workforce, an aging workforce, and escalating skill demands, the solutions to these challenges is unique to each sector.

Work Session:

At this time, John began a discussion of the Workforce Development Council's sector approach to workforce development to engage the membership and guests. This exercise produced the product at the end of these minutes to guide further work.

At the conclusion of the work session, John thanked the participants for their input, adjourned the meeting and invited everyone to the Cedar Creek room for a reception and remarks from the Governor, Speaker and President Pro-Tem.

Vermont Workforce Development Council

January 9, 2008

Discussion of Sector Approach to Workforce Training

Defining the Topic:

- Vertical vs. Horizontal Sectors? - Healthcare did both/complimentary
- Green Technology Sector - Are these really distinct jobs and skills?
- Manufacturing has distinct needs though many are common across firms.
- Common needs across all sectors - Innovation and problem solving

Challenges:

- Expect and anticipate job turnover
- Aging out of the workforce

Potential Sectors:

- Food Processing and Production (Jim Pratt)
- Local Sustainable Agriculture
- Educator shortage (Linda Shiller, Mike Deweese and Supers.
<http://www.ccsuvt.org/taap/>)
 - Math, Science and Physics Education
 - Administrators
 - Guidance Professionals
- Small Bio-Tech (Peter Kreisel)
- Captive Insurance (John O'Kane)
 - Workforce Shortage limiting growth
- Construction (Don Wells)
 - Carpenters
 - Heavy equipment
 - Programs in place - Gaps remain
 - Masons
 - Aging out of skilled workers

- Homeland Security

(Steve Marsh)

The members designated above agreed to look into the workforce training needs of these sectors and report back.

Considerations for Next Steps:

- Leadership must be invested as part of their mission
- New money brings partners, but personal organizational investment in achieving outcomes is essential
- Data must be collected and used – ongoing
- Knowledge of what is being done now
- A hub or center to support leadership

John then redirected the conversation to the future with a discussion of the principles the Workforce Development Council should be adopting. Those include;

- Leadership must be invested as part of their mission
- New money brings partners, but personal organizational investment in achieving outcomes is essential
- Data must be collected and used – ongoing
- Knowledge of what is being done now
- A hub or center to support leadership